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By steps such as these our author becomes almost a mercantilist. Money as the value measure becomes the central fact in economics.

"There cannot," says Mr. Mill, "be a more insignificant thing in the whole economy of society than money!" Rather, it seems to me, money is the pivot of everything in economics. We cannot move a single step towards the elucidation of any of its problems without, etc. Not even could the *thought* of value have existed in a state of things in which there was no such thing as money.

Evidently, then, here is an interesting volume. On the whole, too much praise could hardly be given it for its qualities of scholarly style and lucid statement. Its merits of learning and ingenuity are rightly especially prominent where by the badness of the doctrine they appear to be most required.

H. J. DAVENPORT.

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*Untersuchungen über das Geldwesen der Schweiz und die Ursachen des hohen Standes der auswärtigen Wechselkurse.* By DR. PH. KALKMANN. St. Gall. Druck der Zollikofer'schen Buchdruckerei, 1900. 8vo, pp. 187.

SINCE the formation of the Latin Monetary Union in 1865, there has perhaps never been a period of any considerable length when dissatisfaction with the conditions of the league was not manifested by some one or more of the countries involved in it. This unrest has not always been due to the same cause. Sometimes it has originated in differences of opinion concerning the selection of a standard of value. Frequently it has been due to disagreements regarding the issue and redemption of token money, or the relation between the different governments and the various banks of the allied countries. It needs no mention that the rock on which the Union had almost split in 1885 was the compulsory redemption of the silver five-franc piece. But all these facts—whatever their importance for the student of money and banking—are now history. They have no direct relation to current problems. That the Latin Union, so long as it shall last, will continue to rest on a practical gold standard may be taken for granted, and no amount of agitation or unrest is likely to produce a different condition of affairs. It might be thought that in this view of things the Latin Union could conceivably prolong a tolerably quiet existence—held together at least by the negative tie implied by the

difficulty of international redemption of silver. Yet there are frequently outbreaks of dissatisfaction with the existing status, due primarily to difficulties subtler than those usually debated in the general monetary controversy, but in many instances almost as considerable.

At the present moment, Switzerland is the source of possibly the greater number of such complaints. Her situation as a member of the monetary league has always been peculiar. As a small country trading largely with the Latin countries, she has always thought it best to abstain, so far as possible, from the issue of coin, and to make use of the money of her neighbors. Yet Switzerland has never been a blind follower of any of her associates in the matter of monetary policy. For the last thirty years she has been a consistent advocate of the gold standard, both in and out of the councils of the Latin Union and has systematically endeavored to hold as much gold and as little silver as possible. The outcome of this policy and of her general banking and commercial conditions has been a curious situation, in which, for some fifteen years, the price of exchange on foreign countries has been frequently and obstinately high and which has been the subject of a great deal of discussion and investigation.

Dr. Kalkmann's monograph has been prepared at the request of the business men of St. Gall, and is a careful and instructive attempt to sift the existing evidence and set forth in an authoritative way the causes and remedies for the unfavorable condition of the exchanges. Of the 187 pages of the book, 78 are devoted to an analysis of the existing situation, 14 to an indication of remedies, and 95 to a thorough statistical summary of all the available figures bearing upon the condition of exchange on different countries. The result is a conclusive demonstration of the injurious consequences of Switzerland's present relation to the Latin Union.

At this moment, Switzerland's circulating medium consists of coin and bank notes. The coin of full legal tender quality is gold, both foreign and domestic (struck within the Latin Union), and silver five-franc pieces originating within the Union. The notes are issued by thirty-four authorized banks, which are to emit paper to specified amounts not exceeding in any one case double the amount of the capital stock of the institution. A sum equal to at least 40 per cent. of its own notes must be held in coin as a separate redemption fund by every institution and may be employed only in retiring the notes presented for redemption. Owing to the fact that the introduction of

a pure gold standard has long been anticipated, and owing also to the general distrust of silver, these thirty-four banks have for a long time been in the habit of gathering and retaining as much gold as was possible, until now more than 90 per cent. of their total coin holdings consists exclusively of gold. This gold they furnish but sparingly to customers and, as a matter of fact, the principal movements in their reserves have for a long time taken place chiefly in the silver component and only to a very slight degree in the gold. It would, moreover, be practically impossible for the Swiss banks to furnish gold in exchange for silver or notes, at par, at times when a premium on gold is paid in France; since they would, in such a case, run serious risk of having their total supply withdrawn from them. Hence, silver and notes make up, almost exclusively, the actual circulating medium of the country. There is also another reason why the supply of bank notes in actual circulation is particularly large. Inasmuch as the federal and cantonal taxes are imposed upon the note issue of the banks in proportion to the total amount of such issues, without regard to the amount of coin held as a reserve, there is necessarily a constant desire on the part of the banks to hold as little coin in excess of the required 40 per cent. as the exigencies of their daily business will permit, while on the other hand they seek to maintain the largest possible volume of notes in circulation. It would appear, at first sight, that, so soon in the course of exchange between Switzerland and France, as the specie point should be reached, it would be advantageous for Swiss debtors to pay their French creditors by shipping silver five-franc pieces, rather than by sending bills. Yet in view of what has just been stated such is seldom the case, for the demand for bills of exchange, instead of decreasing as possible buyers are driven to get coin at the banks by the presentation of notes, is—contrary to what would be expected—held at a high point or even driven upward by the frantic efforts of the banks themselves to purchase exchange, import silver, and thus replenish their reserves, depleted by the withdrawal of coin through the presentation of notes for redemption.

Such an explanation of the existing condition of things looks at the difficulty from the side of the money market solely, and would be inadequate without some analysis of the conditions which have given rise to it. A consideration of the commercial balance of Switzerland, however, at once supplies the background for the outlines already sketched. From official figures for imports and exports, it appears

that, since 1885, there has been a large and increasing commercial balance against Switzerland, and hence a powerful force tending to co-operate with the peculiar banking and currency situation in keeping foreign exchange abnormally high. It thus appears that the unfavorable conditions of the present are the outcome of industrial conditions on the one hand; on the other, of the present Swiss system of banking and the relationship of the country to the Latin Union.

In looking for remedies for the present evils, it is clear that the problem may be attacked from the side of commercial, or from that of financial, conditions. And, inasmuch as the present financial situation is the factitious outcome of legislation, it would seem possible to accomplish some results by the introduction of suitable measures or the repeal of some of those now in existence. At the bottom of all plans for the improvement of the course of exchange, lies the withdrawal of Switzerland from the Latin Union. By introducing a pure gold standard and thus resting her monetary system upon a basis different from that employed by France, Switzerland would completely dissever her monetary conditions from those of her neighbor, and would be vastly more independent than now of the Bank of France and the pertubations due to variations in the rate of discount charged by that institution. Even though it should be attempted to maintain the silver five-franc pieces in circulation, as at present, they would no longer enjoy an international circulation and gold currents would necessarily flow back and forth between Switzerland and other countries in the liquidation of balances. The peculiar and rigid organization of the monetary system, due to Switzerland's membership in the Latin Union and her relation to France as the leader in the league, would be broken. That such a step as withdrawal could be taken is unquestionable, for Switzerland alone, among the countries of the Latin Union, has pursued a prudent policy in relation to the issue of silver. Some sacrifice might be implied in the arrangements for withdrawal, but it would be a sacrifice well warranted by the future benefits to be expected. Second to withdrawal from the Latin Union, the establishment of a national bank, which should exercise a supervising influence over the thirty-four small banks is to be advocated. Such an institution could, by its commanding position, exert a controlling authority in matters of discount and general financial policy, and would, moreover, enable the other banks to use their reserves more freely. Even without resort to either or both of these two radical

measures, much might be done in improving the course of exchange by concerted action between the existing banks. It is necessary, to improve the situation, that the banks should make free use of a policy of raising and lowering the rate of discount as occasion demands and should thus curtail or extend credits as may seem expedient. In addition, speculation in foreign exchange must be suppressed by appropriate measures like those employed by Minister Witte in the face of similar conditions in Russia. Otherwise success is certain to be incomplete.

Dr. Kalkmann's book is a useful review of the conditions just sketched. It contains little that was not known before to students of the subject of which it treats, but it covers a somewhat technical question in a clear and convincing way. The collection of figures is the most complete yet published, and the diagrams are illuminating. The author's use of words is not in every case all that could be wished, although tolerably free from obscurity.

H. PARKER WILLIS.

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*La propriété foncière en Belgique.* By EMILE VANDERVELDE, professeur à l'Université Nouvelle de Bruxelles (Bibliothèque Internationale des Sciences Sociologiques). Paris: Schleicher Frères, 1900. 8vo, pp. 323.

THE present work of Professor Vandervelde is of interest from the double point of view, of a study in economic history and a serious contribution to the land question in Europe. It is divided into three distinct parts. The first consists of a series of monographs giving detailed descriptions of the economic life of three communes of Belgium in comparison with former times. In the second part is taken up the question of size of farms and land ownership in each of the nine provinces of the kingdom. The purpose of this study is to determine the changes that have taken place during the past fifty or sixty years. The third part is entitled "Landed Property in Belgium from 1834 to 1899," and gives the more general conclusions of the author. These conclusions, it may be said, should be read in the light of the well-known socialistic leanings of the author.

Probably the most interesting fact brought out in Part I has been the gradual conversion of the population of the communes